



A Strategic Initiative of the International Franchise Association

International Franchise Association



- Founded in 1960, IFA is the world's oldest and largest organization representing franchising worldwide
- IFA's Mission: to protect, enhance and promote franchising
- IFA members include franchise companies in over 300 different business sectors, individual franchisees, and suppliers that provide products and services to the industry

Franchise Action Network (FAN)

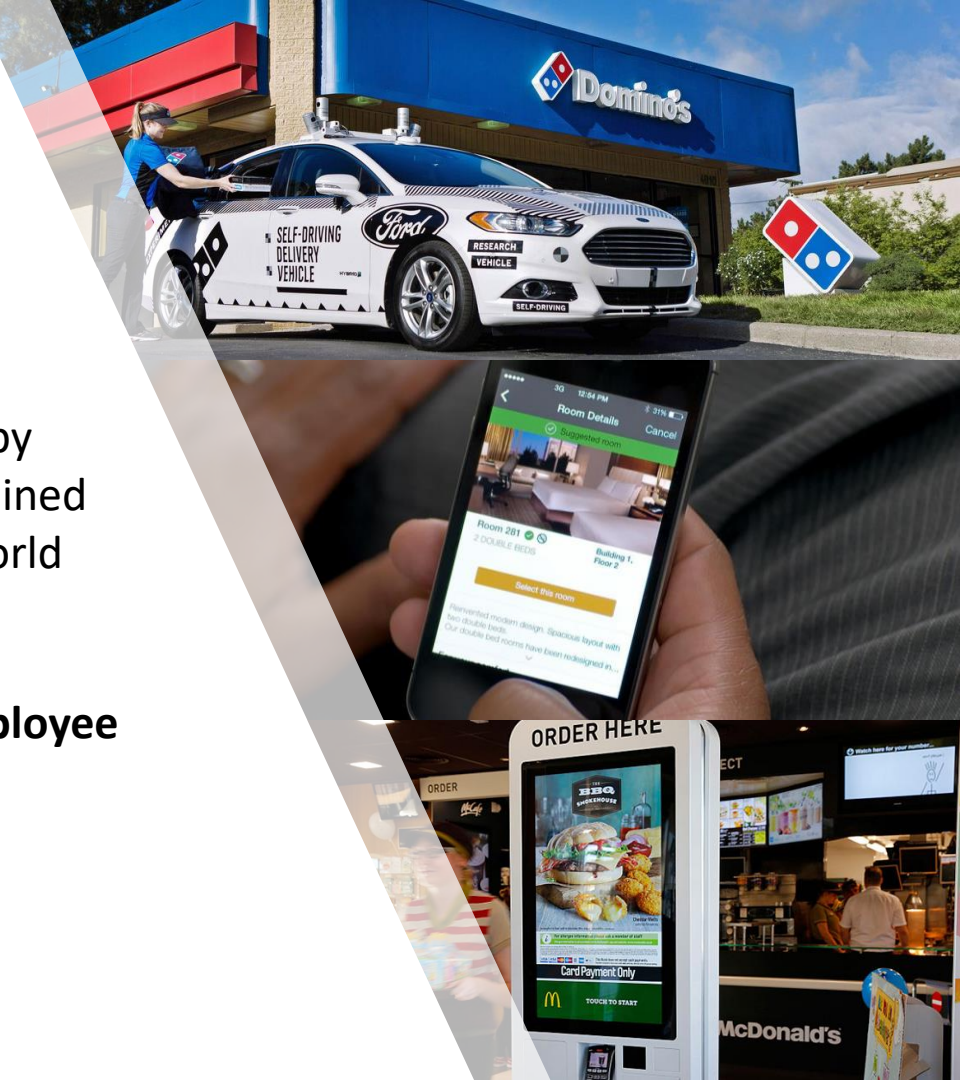


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- Grassroots network of over 65,000 advocates nationwide
- Ensures the personal and unique stories of local small business owners are heard in Congress, federal agencies, and state and local legislatures
- Gives advocates the power to contact federal, state, and local officials about issues of concern
- Acts as both a first line of defense and an early-warning system

Our Members Face a Disruptive Economy

- The 8.2 million American workers employed by franchising must be educated, skilled, and trained to compete and succeed in this brave new world
- Needs = **affordable skills development + employee training platforms**



A New, Disruptive Advocacy Landscape

- **Technology** is increasingly transforming how we conduct **advocacy efforts** and **grassroots strategy** at the political level
- **Social media platforms**, new forms of communication, and **new technologies** have generated innovative, attention-grabbing, and thought-provoking methods of **engaging key stakeholders**, **educating voters**, and **influencing public opinion**



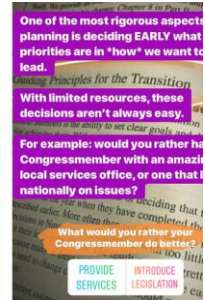
Donald J. Trump 
@realDonaldTrump



China has agreed to buy massive amounts of ADDITIONAL Farm/Agricultural Products - would be one of the best things to happen to our farmers in many years!

7:27 AM - May 21, 2018

 8,045  3,284 people are talking about this





FAN Annual Meeting and Fly-in September 2018

- Over 400 attendees
- 267 Congressional meetings
 - 94 Member meetings
 - 138 Senior (Member, Chiefs, LDs, Cmte Staff) level meetings
- Challenges:
 - **Difficult topics**, not always “headlines”
 - Small business owners’ time is precious
 - **Misunderstanding** of the franchise model
- We needed to make our content more accessible, and thus, impactful



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1HUDDLE

A new take on
advocacy training

- The need for simple-to-use and efficient **learning systems and advocacy training** became apparent to IFA
- In September 2018 we partnered with **1HUDDLE** for our **Franchise Action Network Annual Meeting & Fly-In** in Washington, D.C.

What is 1HUDDLE?

- **1HUDDLE** is a mobile-app based platform built on a simple notion: **learning can, and should be, fun**
- Instead of facing daunting amounts of materials to absorb when it comes to onboarding, upskilling, or retaining, **1HUDDLE condenses lessons into quick-burst games** which the user then plays
- Initially designed for corporate training, skills development, and learning, we realized 1HUDDLE could be **reprogramed as an innovative instrument across our grassroots programs, advocacy strategy, and education efforts**



Tax Reform

Background:

December 2017 saw the passage of historic tax reform legislation, the first time in three decades that Congress has modernized the current tax code. The Tax Cuts and Jobs Act (TCJA) led to an increase in optimism surrounding the franchise economy and allowed for increased business expansion, workforce development and wage increases, and community reinvestment.

While the Tax Cuts and Jobs Act was a landmark piece of legislation for franchise businesses, there are still tax issues that Congress must address to ensure franchise businesses can fully take advantage of the new law. Recently, there has been a push to implement "Tax Cuts 2.0," which is an effort to further improve the tax code for American families and local businesses.

How does this affect franchising?

The law's enactment resulted in about \$8 billion in annual federal tax savings for franchisees per year. Following enactment of the tax law, more than 400 franchisors and franchisees committed to reinvesting their savings from the Tax Cuts and Jobs Act into their companies in the form of higher wages, bonuses, and increased worker training.

IFA was instrumental in securing the following franchising priorities in the tax law: (1) Nearly 2,000 franchisors and 200,000 franchisees are pass-through entities, and will have an estimated annual tax savings of \$2.5 billion in Pass-Through Tax Deductions; (2) More than 300,000 individual/married tax filers with direct franchise investments will have an estimated annual tax savings of \$3 billion in Continuation of State and Local Tax Deductions, (while employees also benefit, they are not reflected in the savings); (3) About 300 franchisors and 20,000 franchisees (totaling 37,000 units) will have an estimated annual tax savings of \$200 million in Professional Services Pass-Through Exemptions; and (4) More than 20,000 new and upgraded franchise units are impacted by the new law, and they will realize an estimated annual tax savings of \$2 billion in Immediate Expensing of Equipment Purchase.

Despite these benefits, the new tax law deserves several improvements to ensure that franchise businesses can fully realize its benefits.

Joint Employer – Department of Labor Rulemaking

Background:

In 2015, the National Labor Relations Board (NLRB) issued *Browning-Ferris Industries of California, Inc. (BFI)*. The decision changed the definition of what constitutes a "joint employer" and overruled more than thirty years of bipartisan precedent. The Board replaced the predictable and clear "direct and immediate control" standard for determining joint employer status with a vague test based on "indirect" and "potential" control over workers' terms and conditions of employment. The decision exposed a broad range of businesses, including franchisors and franchisees, to workplace liability for another employer's actions and for workers they do not employ. Specifically, franchise businesses are facing more operational and legal costs, decreased business values, less compliance assistance from franchisors, less growth and fewer jobs as consequences of the new joint employer policy.

The IFA has been calling on Congress to enact a permanent legislative solution to joint employer that provides certainty to small and large businesses and promotes economic growth and job creation. In 2017, the U.S. House of Representatives passed H.R. 3441, the Save Local Business Act, to simplify the joint employer standard for franchise businesses and their employees, but that legislation has stalled in the U.S. Senate. Beyond Congress, federal regulatory agencies including the NLRB, Equal Employment Opportunity Commission (EEOC) and Department of Labor also have important roles to play in establishing the legal standard regarding "joint employer." The NLRB has already announced plans to do rulemaking under the National Labor Relations Act. Now franchise businesses need the Department of Labor to follow suit and issue its own rulemaking under the Fair Labor Standards Act (FLSA).

How does this affect franchising?

Since the BFI decision, multiple federal agencies have expanded the joint employment definition under statutes in their jurisdiction. The FLSA is the law under which franchisees have seen the most joint employment lawsuits, largely because it allows individuals to file private actions.

Joint employer rulemaking under the FLSA is needed because there are at least five different multi-factor tests applied by the eleven federal circuit courts. Furthermore, some circuit courts may apply different tests on a case-by-case basis. This legal unpredictability is generating unnecessary litigation, frustrating franchise growth, and hurting job creation.

The Department of Labor, under Secretary Alexander Acosta, took the positive step in June 2017 of withdrawing the Wage and Hour Administrator's overly broad administrative interpretation on joint employment. Now we must proceed toward rulemaking on joint employment under the FLSA to clarify employer responsibilities under wage and hour law.

Brand Trademark Protection

Background:

While many members of Congress and the IFA have been pushing to solve joint employer by enacting the Save Local Business Act, there is a second legal area relevant to franchising's joint employer concerns.

Federal trademark law requires a franchisor to maintain control over its trademark. The Lanham Act requires that licensors (franchisors) police the use of their intellectual property licensed to third parties, since the trademark's value is that it is consistent and uniform to the consuming public. Absent control over the nature of the products and services, the brand loses its quality, which jeopardizes its purpose.

At the same time, federal employment law increasingly penalizes franchisors for establishing control mechanisms to protect their trademarks. Franchise businesses are faced with an unworkable "Catch-22" with federal requirements, they are required to protect their trademark but prevented from doing so.

How does this affect franchising?

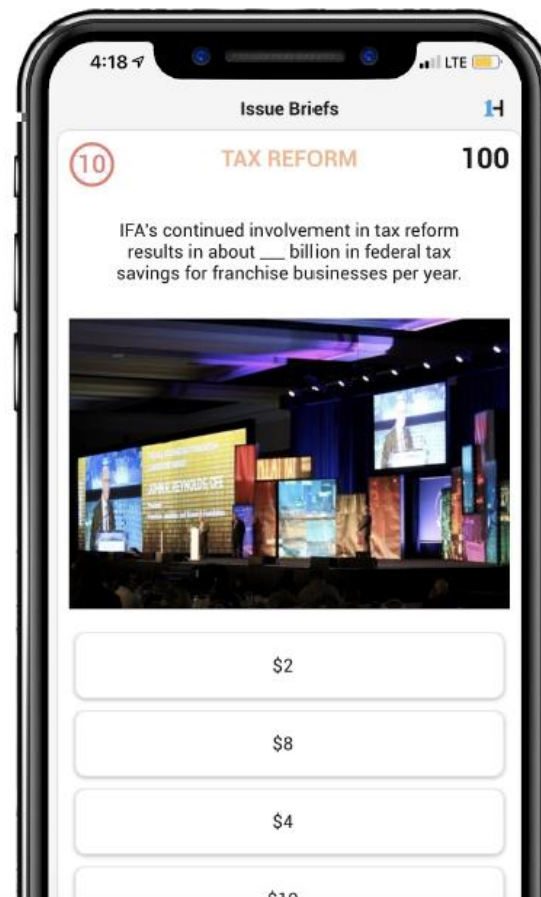
While trademark law requires franchisors and franchisees to enact controls to protect the brand, employment law penalizes franchisees for establishing the same controls. For example, restaurant or hotel brand standards may require employees to wear branded uniforms so that every location looks the same to the public. However, the requirement of branded uniforms has been used as evidence of joint employment in litigation. As such, franchisees face great uncertainty about what amount of control will trigger a finding that the franchisor is a "joint employer."


The Trademark Licensing Protection Act was recently introduced by Rep. Steve Chabot (R-OH) and Rep. Henry Cuellar (D-TX) to help solve this Catch-22 joint employer issue for franchisees. This legislation will resolve the inconsistency regarding brand controls in federal law.

Because the courts have created a chaotic web of vague standards under employment law, IFA is asking Congress to clarify the definition of "joint employer" in this way so that common sense terms of traditional employment — such as pay, hiring and firing — are the only factors courts could consider in their analysis.

Which allowed us to take 10 pages of issue briefs on complicated labor policy...

And turn it
into this





The results
were eye
opening

97%

PARTICIPATION

ATTENDEES THAT DOWNLOADED AND PLAYED.

72%

**INCREASE IN KNOWLEDGE
RETENTION**

2 min 31 sec

AVERAGE TIME PER GAME

4 Main Takeaways

1. Quiz Functionality
2. Leaderboard Competition and Benchmarking
3. Simplicity and Efficiency
4. Accessibility and Inclusiveness



Quiz functionality

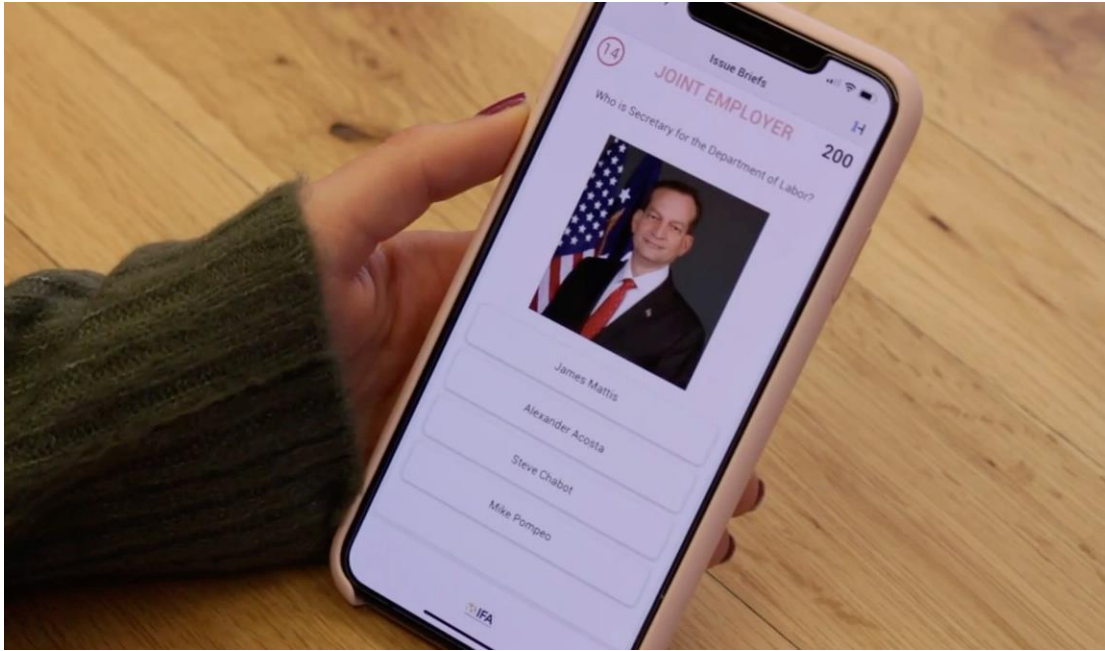
- Ensured our attendees were **prepared for questioning and conversation**
- First time attendees seemed more at-ease despite nerves





Leaderboard and Benchmarking

- A healthy atmosphere of **competition** emerged
- Useful data for our grassroots team in **benchmarking our next fly-in** and **delegating responsibilities** amongst our “**top**” advocates



Simplicity and Efficiency

- Our 1HUDDLE users all said the **simplicity and efficiency** of the app, structured around **short games**, was paramount



Accessibility and Inclusiveness



- By applying e-learning methods and gamifying our topics/issues through 1HUDDLE, we made the content more accessible to all of our advocates



In Conclusion



151 seconds



To learn an issue



**Partake in a
conversation with
elected
representatives or
their staff**



**Participate in our
public discourse**



**Regardless of
educational
background
hectic schedules
and prior engagement
with politics**



**Increasing
inclusiveness and
political participation
through technology**

Thank you



If you would like to learn more about 1HUDDLE, please email 1HUDDLE Founder and CEO Sam Caucci at scaucci@1huddle.co, or IFA's Erica Farage at efarage@franchise.org.